

## Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 XMB-07 DRC-01 CIAE-00 INR-10

NSAE-00 RSC-01 TRSE-00 OPIC-12 /059 W

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R 062223Z JUN 74

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 3125

INFO USDOC

AMCONSUL CALI

AMCONSUL MEDELLIN

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E.O. 11652: NA

TAGS: BEXP, CO

SUBJECT: WESTINGHOUSE CONTRACT FOR THERMO-CARTAGENA

PASS WARREN GLICK EXIMBANK

REF: (A) BOGOTA 4717 (B) STATE 118199

1. REF A EXPRESSED AMBASSADOR'S STRONG CONCERN OVER DELETERIOUS EFFECTS WHICH DEFAULT BY WESTINGHOUSE ON THERMO CARTAGENA CONTRACT COULD HAVE ON U.S.-COLOMBIAN RELATIONS. AMB REQUESTED DEPARTMENT TO COMMUNICATE WITH PITTSBURGH TO ENSURE THAT THESE EFFECTS UNDERSTOOD.

2. REF B. DESCRIBED DEPARTMENTS PRELIMINARY CONTACT WITH WESTINGHOUSE.

3. ROBERT HEINEMANN, WESTINGHOUSE VICE PRESIDENT FOR POWER SYSTEMS, SOUTH AMERICA (BASED IN RIO, AT PRESENT IN BOGOTA), TELEPHONED COMATT TODAY JUNE 6 TO GIVE EMB STATUS REPORT.

HE SAID WESTINGHOUSE TODAY INFORMED CORPORACION ELECTRICA DE LA COSTA ATLANTICA (CORELCA--THE BUYER) THAT WESTINGHOUSE PREPARED MOVE AHEAD TO FULFILL ALL

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CONTRACT STIPULATIONS. HE ADDED THAT CORELCA NOW

SEEMS WILLING TO RENEGOTIATE PRICES ONCE CONTRACT IN PRACTICAL FORCE THROUGH INITIATION OF PERFORMANCE BOND AND POSSESSION OF SITE.

4. MINUTES LATER, JACOBO ACOSTA, DIRECTOR GENERAL OF CORELCA, SEPARATELY TELEPHONED COMMATT AND REFERRED TO RECEIPT OF TELEXED PORTIONS OF LETTER DATED JUNE 6 FROM JAMES WALLACE, VICE PRESIDENT FOR POWER SYSTEMS, WESTINGHOUSE PITTSBURGH. ACOSTA SAID WALLACE LETTER INDICATED INTENTION TO ACTIVATE GUARANTIES (PERFORMANCE BOND) AND PROCEED WITH ALL NECESSARY LEGAL WORK. WALLACE LETTER, WHICH EMB HAS NOT YET SEEN, REPORTEDLY MENTIONED THAT THESE ACTIONS WERE BEING UNDERTAKEN ON UNDERSTANDING THAT WESTINGHOUSE MIGHT WISH AVAIL ITSELF OF ARBITRATION (AS PROVIDED FOR IN CONTRACT) DUE INCREASED COSTS OCCASIONED BY INFLATION.

5. ACOSTA CAREFULLY NOTED THAT CORELCA WOULD NEED TO REVIEW LETTER PRIOR TO REPLY, BUT HE OBVIOUSLY FOUND IT ENCOURAGING. HE SAID ADJUSTMENTS ALWAYS IN ORDER AFTER CONTRACT IN PROCESS OF FULLFILLMENT, WHICH HE CHOSE TO INTERPRET AS MEANING IMPORTATION OF AT LEAST SOME MACHINERY.

6. BOTH SIDES LOCALLY SEEM RELIEVED AT WHAT APPEARS BREAKTHROUGH AND BOTH EXPRESSED WARM APPRECIATION FOR USG ASSISTANCE.

7. AS EXIMBANK AWARE, ACOSTA PLANS TRAVEL PITTSBURGH JUNE 10-11, THEN TO WASHINGTON D.C. FOR CONVERSATIONS WITH EXIMBANK. HE REQUESTED APPOINTMENT WITH WARREN GLICK ABOUT 11 AM, WED. JUNE 12 AND WILL TELEPHONE EXIMBANK FROM PITTSBURGH FOR CONFIRMATION.  
VAKY

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## Message Attributes

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**TAGS:** BEXP, CO  
**To:** STATE  
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